General Assembly

Raised Bill No. 6407

January Session, 2011

LCO No. **3429**

03429_____LAB

Referred to Committee on Labor and Public Employees

Introduced by:
  (LAB)

AN ACT ALLOWING EMPLOYERS TO PAY WAGES USING PAYROLL CARDS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1   Section 1. Section 31-71b of the general statutes is repealed and the
2   following is substituted in lieu thereof (*Effective October 1, 2011*):

3   (a) Each employer, by himself, his agent or representative, shall pay
4   weekly all moneys due each employee on a regular pay day,
5   designated in advance by the employer **[**, in**]** using one or more of the
6   following methods: (1) In cash, (2) by negotiable checks, **[**or,**]** (3) upon
7   an employee's written request, by credit to such employee's account in
8   any bank which has agreed with the employer to accept such wage
9   deposits, or (4) on a payroll card, provided the requirements of
10   subsection (d) of this section are satisfied.

11   (b) The end of the pay period for which payment is made on a
12   regular pay day shall be not more than eight days before such regular
13   pay day, provided, if such regular pay day falls on a nonwork day,
14   payment shall be made on the preceding work day.

15   (c) This section shall not be construed to prohibit a local or regional
16   board of education and a recognized or certified exclusive bargaining
17   representative of its certified or noncertified employees from including
18   within their collective bargaining agreement a schedule for the
19   payment of wages to certified employees or noncertified employees
20   that differs from the requirements of subsections (a) and (b) of this
21   section.

22   (d) An employer may use payroll cards to deliver wages, salary or
23   other compensation to employees provided:

24   (1) An employee hired before October 1, 2011, must consent, in
25   writing or electronically, to the payment of wages, salary or other
26   compensation using a payroll card.

27   (2) An employer may require an employee hired on or after October
28   1, 2011, to receive his or her wages through direct deposit or on a
29   payroll card, provided:

30   (A) The employee is given a form that allows the employee the
31   option of receiving wages by direct deposit to his or her personal
32   account at a financial institution or through a payroll card; and

33   (B) The employee is notified that failure to return the form to the
34   employer in time to process the employee's initial wage payment with
35   the information necessary to implement direct deposit will be
36   considered consent to receiving wages through a payroll card;

37   (3) An employee must be able to make at least one withdrawal or
38   transfer each pay period without charge for any amount up to and
39   including the full amount of the employee's wages for the pay period,
40   except that an employee who is paid more frequently than weekly
41   must be able to make at least one withdrawal or transfer each week
42   without charge for any amount up to and including the full amount of
43   the employee's wages for that week.

44   (4) None of the employer's costs associated with paying wages

45 using a payroll card or establishing the payroll card account shall be
46 deducted from the wages, salary or other compensation delivered to
47 the employee.

48   (5) An employee must be provided with a means of checking his or
49 her account balances through an automated telephone system and
50 electronically without cost to the employee.

51   (6) Prior to obtaining consent from the employee under subdivision
52 (1) of this subsection, or at the time of hire pursuant to subdivision (2)
53 of this subsection, an employer must provide the employee with
54 notice, in writing, in the language the employer normally uses to
55 communicate employment-related polices to his or her employees of
56 the following items:

57   (A) The terms and conditions relating to the use of the payroll card,
58 including a list of fees that may be assessed by the card issuer;

59   (B) The methods available to employees for accessing their full
60 wages in lawful money of the United States without any fee to the
61 employee;

62   (C) The methods available to employees for checking their balances
63 in the payroll card account without cost; and

64   (D) A statement as to whether third parties may assess additional
65 fees.

66   (7) The employer shall furnish the employee with a statement of
67 deductions made from his or her wages for each pay period such
68 deductions were made in accordance with section 31-13a, as amended
69 by this act.

70   (8) The employee must be permitted, on timely notice to the
71 employer, to receive his or her wages, salary or other compensation by
72 direct deposit into a personal account at a financial institution. The
73 employer shall begin payment by direct deposit not later than fourteen

74 days after receiving both the employee's request and the account
75 information necessary to make the deposit.

76 (9) Wages paid to an employee using a payroll card must be a
77 deposit that is insured by the Federal Deposit Insurance Corporation
78 or the National Credit Union Administration on a pass-through basis
79 to the employee.

80 (10) A payroll card account that is only used to receive employee
81 wages, salary or other compensation shall be exempt from execution
82 under section 52-367b in accordance with subsection (f) of section 52-
83 361a.

84 [(d)] (e) Nothing in this section shall be construed to apply to
85 employees swapping workdays or shifts as permitted under a
86 collective bargaining agreement.

87 (f) Nothing in this section shall be construed to preempt or override
88 the terms of any collective bargaining agreement effective prior to
89 October 1, 2011, with respect to methods of an employer's payment of
90 wages, salary or other compensation due to employees.

91 (g) For the purposes of this section, "payroll card" means a stored
92 value card or other device used by an employee to access wages from a
93 payroll card account, and "payroll card account" means an account that
94 is directly or indirectly established through an employer and to which
95 transfers of the employee's wages, salary or other compensation are
96 made.

97 Sec. 2. Section 31-13a of the general statutes is repealed and the
98 following is substituted in lieu thereof (*Effective October 1, 2011*):

99 (a) With each wage payment each employer shall furnish to each
100 employee in writing or electronically a record of hours worked, the
101 gross earnings showing straight time and overtime as separate entries,
102 itemized deductions and net earnings, except that the furnishing of a
103 record of hours worked and the separation of straight time and

104 overtime earnings shall not apply in the case of any employee with
105 respect to whom the employer is specifically exempt from the keeping
106 of time records and the payment of overtime under the Connecticut
107 Minimum Wage Act or the Fair Labor Standards Act.

108 (b) If the record of hours is furnished electronically pursuant to
109 subsection (a) of this section, the employer must provide a means for
110 each employee to access the information and print it without cost to
111 the employee. Any information contained in the record furnished
112 electronically pursuant to subsection (a) of this section must
113 incorporate safeguards to ensure the confidentiality of an employee's
114 personal information.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2011*	31-71b
Sec. 2	*October 1, 2011*	31-13a

Statement of Purpose:

To allow employers to pay his or her employee's wages using payroll cards, and to allow certain wage and hour information provided by an employer to employees be delivered electronically provided certain conditions are met.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]